

STATE OF CALIFORNIA

KATHLEEN CONNELL,  
CONTROLLER OF CALIFORNIA

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OFFICE OF STATE CONTROLLER  
PERSONNEL/PAYROLL SERVICES DIVISION  
300-Capitol Mall  
P.O. Box 942850  
Sacramento, CA 94250-5878

Date: December 28, 1999

PERSONNEL LETTER # 99-044  
CIVIL SERVICE ONLY

To: All Agencies in the Uniform State Payroll System

From: Ralph Zentner, Chief  
Personnel/Payroll Operations Bureau

Re: SENATE BILL 400/RETIREMENT

This Personnel Letter provides information concerning Senate Bill (SB) 400 (Chapter 555, Statutes of 1999).

#### BACKGROUND

Senate Bill 400 provides numerous retirement benefit enhancements to State employees who are members of the California Public Employees' Retirement System (CalPERS) on or after January 1, 2000. Among the key enhancements offered to State employees are improvements to the service retirement formulas for the various retirement categories, the opportunity for Second Tier Members to elect membership in the First Tier Plan, and First Tier Membership for newly hired miscellaneous and industrial employees.

#### FIRST TIER ELECTION FOR CURRENT SECOND TIER MEMBERS

In early December, CalPERS mailed First Tier election packages directly to all current Second Tier Plan members or employees who have past service credit under the Second Tier Plan. The election will be effective on the first day of the month following the date it is filed with CalPERS. After it is filed, CalPERS will submit to the State Controller's Office an R01 transaction to update the Employment History Data Base.

#### FIRST TIER MEMBERSHIP FOR NEW EMPLOYEES

All new miscellaneous and industrial employees hired on or after January 1, 2000 will be enrolled in the First Tier Plan. However, they have the option to elect membership in the Second Tier Plan within 180 days of appointment. If the election is not made within 180 days, the employee must remain in the First Tier Plan with no further opportunity to elect the Second Tier Plan.

#### MODIFIED FIRST TIER

Modified Tier One is no longer valid as of January 1, 2000. All employees enrolled in this plan will be rolled over to the appropriate First Tier Plan. No election is necessary. The Controller's Office will process 505 transactions effective January 1, 2000 to effect the change.

#### RETIREMENT ACCOUNT CODES

Implementation of SB 400 required that twenty one new retirement account codes be established to enable CalPERS to specifically identify the various retirement formulas. The characteristics of the new retirement account codes will be identical to the previous account codes. For example, retirement account code 06 is being converted to retirement account code 43. Retirement account code 43 identifies First Tier Miscellaneous members subject to Social Security and Medicare and has the same eligibility criteria as retirement account code 06. Second Tier retirement account codes will remain the same.

Following are the current retirement account codes and the new corresponding retirement account codes effective January 1, 2000:

| <u>CURRENT RETIREMENT<br/>ACCOUNT CODES</u> | <u>NEW RETIREMENT<br/>ACCOUNT CODES</u> |
|---------------------------------------------|-----------------------------------------|
| 00                                          | 40                                      |
| 06                                          | 43                                      |
| 08                                          | 45                                      |
| 15                                          | 34                                      |
| 16                                          | 36                                      |
| 20                                          | 42                                      |
| 26                                          | 45                                      |
| 60                                          | 61                                      |
| 66                                          | 62                                      |
| 71                                          | 17                                      |
| 72                                          | 31                                      |
| 74                                          | 32                                      |
| 75                                          | 18                                      |
| 78                                          | 37                                      |
| 79                                          | 38                                      |
| 80                                          | 39                                      |
| 82                                          | 19                                      |
| 83                                          | 30                                      |
| 84                                          | 50                                      |
| 90                                          | 46                                      |
| 93                                          | 48                                      |
| 94                                          | 49                                      |
| 99                                          | 49                                      |

#### PROCESSING

On January 8, 2000, the Controller's Office will process a mass update to post 505 transactions with a January 1, 2000 effective date to change affected employees from the current retirement account codes to the new corresponding retirement account codes. Only employees with the retirement account codes shown above will be affected.

Employees with appointment or separation expiration dates prior to January 1, 2000 will not be included in the mass update. Therefore, agencies must determine if the employees are to be reappointed or separated and key enter the appropriate transaction. If reappointed, key enter a January 1, 2000 505 transaction.

For transactions processed prior to the January 8, 2000 mass update with an effective date of January 1, 2000, the new retirement account code must be entered in Item 505, if allowable on the transaction. If Item 505 is not allowable or the transaction is effective after January 1, 2000, a 505 transaction effective January 1, 2000 must be processed with the new account code, in addition to the transaction being processed.

Also, on January 8, 2000, the Controller's Office has scheduled the first update of R01 transactions, effective January 1, 2000 for semimonthly employees who have elected the First Tier Plan. On January 18, 2000, R01 transaction effective January 1, 2000 will be processed for other employees who have elected the First Tier Plan. Beginning February 2000, R01 transactions for employees who have elected First Tier will be processed monthly. These elections will be effective on a prospective basis. Turnaround PARs will be issued from the 505 mass update on a flow basis beginning January 11, 2000. Please note, turnaround PARs are not generated from R01 transactions. If you should need one for future processing, please contact Personnel Operations Liaison.

#### CONTACTS

Revisions to the Payroll Procedures Manual and Personnel Action Manual are forthcoming. Please use the following contacts for assistance:

|                                                        |                                   |
|--------------------------------------------------------|-----------------------------------|
| Personnel Letter<br>Lynn Black                         | (916) 327-3926<br>CALNET 427-3926 |
| PAR Documentation<br>Personnel Operations Liaison Unit | (916) 322-6500<br>CALNET 492-6500 |
| CalPERS, Member Service Division                       | (916) 326-3141                    |

RZ:LB:SW/PMAB